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56-0457

6 February 1956

CPC

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: Deputy Director (Support)

SUBJECT: Status of Audit Program for Calendar Year 1955

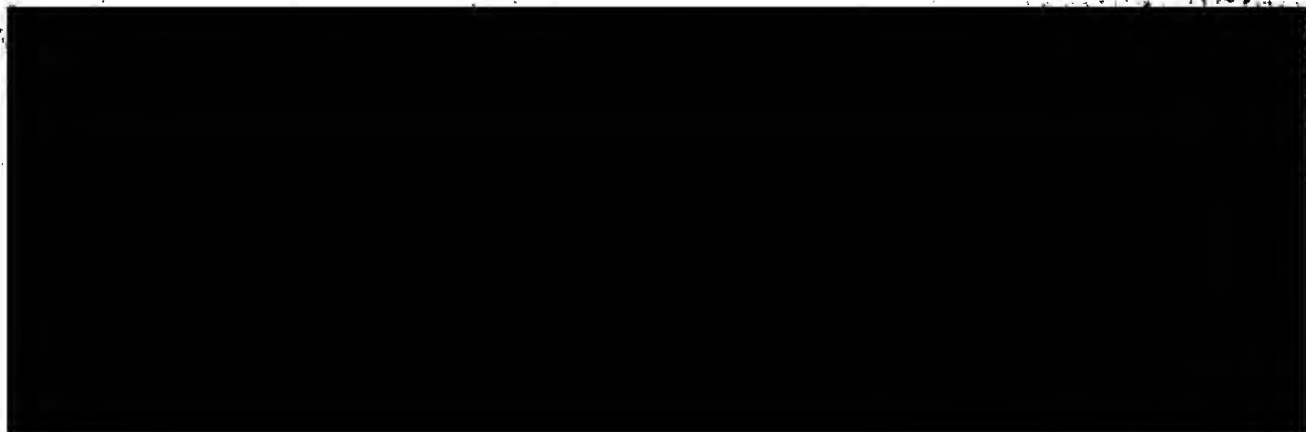
GENERAL

1. During the calendar year 1955 the Audit Staff was able to accomplish the widest audit coverage yet experienced by the Agency. The audits during the year revealed substantial improvement in the accounting for Agency funds and property over past years but there yet remains some matters requiring attention. The number of irregularities reported by field auditors increased but it is believed this was due mainly to the broadening of the audit scope and increased experience in the making of Aite audits.

2. Operating divisions at Headquarters have taken a special interest in audit reports furnished by the Chief, Audit Staff and have maintained an active campaign to produce satisfactory replies to items questioned. There have been reported some irregularities involving considerable amounts of Agency assets but most of these pertain to projects which were begun more than two years ago and are now being liquidated. Reports on such projects have been submitted to appropriate Agency components for action or are in course of preparation by the Audit Staff. A review of all audit reports made gives assurance that, with minor exceptions, Agency assets are being accounted for currently in a satisfactory manner.

AUDIT ORGANIZATION

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been processed. This matter has been presented to the Office of Personnel in hopes that they will be able to recruit from the graduating classes of some of the colleges junior accountants to help in this situation.

AUDIT ACCOMPLISHMENTS - HEADQUARTERS

Proprietary Projects

4. The policy is to audit and issue a report of audit annually on each proprietary project that has had funds invested in it for a year. All such projects are audited by Agency auditors except when security or other reasons preclude, in which cases the audits are by public accountants.

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Financial Accounts Headquarters

5. The policy or goal is to audit all accounts on the Finance Division records at least annually and if possible semi-annually. Reports are made on individual accounts at time of completion of the audit. At 31 December 1955

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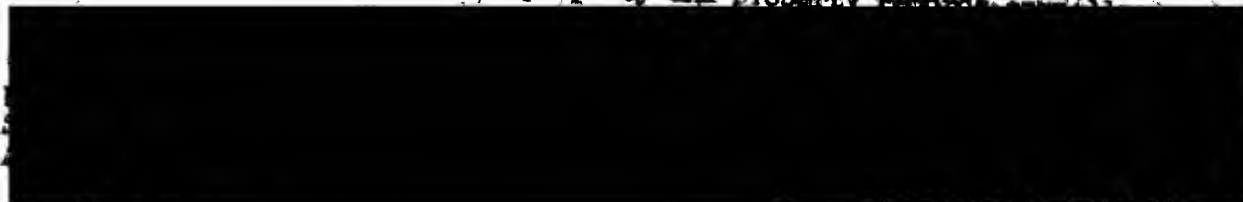


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Property

9.. The policy is to audit property and property records.

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12. The Office of Logistics has made considerable progress in the past year with respect to property control. No little part of this is due to efforts of the Audit Staff in constantly working with Logistics personnel on inventory, reconciliation, document control and procedural phases of the property program.

Industrial Contracts

13. The policy insofar as contract audits are concerned is to review the audit reports, techniques and procedures of the Industrial Contracts Audit Branch and to participate in decisions made concerning the limitation of audit of contracts. In our review of audit reports in 1955 we noted improvement in the reports and the discontinuance of disallowances for petty differences. We also participated in several decisions providing for limitation of audit of certain subcontracts.

Other Audits

14. In this category are included audits of miscellaneous activities, such as the Northwest Federal Credit Union, Government Employees Health Association (GEHA), Executive Dining Room, and the like.

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23 Oct 59

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MEMORANDUM FOR: THE DIRECTOR

The attached report from the Chief of the Audit Staff is for your information only. It shows that we have made considerable progress in our audit program and that its status was satisfactory at the close of the calendar year 1955.

L. K. WHITE
Deputy Director
(Support)

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FORM NO. 101 REPLACES FORM 10-101
1 MAY 54 WHICH MAY BE USED.

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